



**MINUTES
CITY COUNCIL MEETING
July 21, 2020**

CALL TO ORDER

The meeting was called to order at 6:33 pm.

Present: Mayor: Charlie Miner (telephonic); Council: Deirdre Kvale (telephonic), Michelle Jerde (telephonic), Jahn Dyvik (telephonic), and Tom Skjaret (telephonic)

Staff Present: City Administrator: Scott Weske (in person); Public Works Director: Sean Diercks (telephonic); Fire Chief: James Van Eyll (telephonic); City Engineer: Alex Miller and Shelly Hanson (telephonic); City Attorney: John Thames (telephonic); and City Clerk: Jeanette Moeller (in person)

Absent: None

PLEDGE OF ALLEGIANCE

MAYOR'S COMMENTS - LONG LAKE NEWS, MEETING REVIEW AND UPDATES

Mayor Miner offered the following comments and updates:

The EDA met prior to the regular City Council meeting, and the focus of discussion was regarding updates on the Virginia Avenue redevelopment proposal for the City owned land and private residences under contract to be purchased by Lifestyle Communities. Lifestyle Communities is preparing for a TIF review process and will hopefully be closing on property acquisitions in the fall.

Lifestyle Communities also informed the EDA that they are no longer moving forward with their proposed townhome development on Symes Street due to various reasons. They did offer good news about the former Burger King site and pending Zvago projects. They posted a sign on the site last week announcing pre-sales of units and are getting a lot of interest. They will be getting a website up and running dedicated to the project soon.

APPROVE AGENDA

A motion was made by Jerde, seconded by Dyvik, to approve the Agenda as presented. Ayes: all by roll call.

CONSENT AGENDA

The Consent Agenda consisted of:

- A. Approve Minutes of July 7, 2020 City Council Work Session
- B. Approve Minutes of July 7, 2020 City Council Meeting
- C. Approve Vendor Claims and Payroll
- D. Adopt Resolution No. 2020-24 Conditionally Appointing Candidate Kaila Ma to the Position of Paid On-Call Firefighter for the City of Long Lake Fire Department
- E. Adopt Resolution No. 2020-25 Accepting a Donation to the Long Lake Fire Department in the Amount of \$200.00 From Wallace and Susah Bohach

Mayor Miner highlighted Consent Agenda Item expressed appreciation for the donation to the Long Lake Fire Department from Wallace and Susan Bohach.

A motion was made by Dyvik, seconded by Skjaret, to approve the Consent Agenda. Ayes: all by roll call.

OPEN CORRESPONDENCE

Cheri Sudit, Candidate for Hennepin County Commissioner, District 6 – Ms. Sudit introduced herself as a candidate for the Hennepin County Commissioner, District 6 seat, discussed her personal and professional background, encouraged viewers to visit her campaign website, and welcomed hearing from anyone with questions or comments. She thanked the Council for the opportunity to introduce herself.

Mike Bash, 1680 Bollum Lane – Mr. Bash began by thanking Public Works for repairing the potholes on Bollum Lane. He applauded the City Council for adopting a Pavement Management Plan (PMP) a couple weeks ago and stated he was glad the City is planning ahead to look at the streets that will need work. He applauded the City Council for realizing that without a funding source, the PMP is pretty meaningless, and he is 100% in favor of getting funding for the plan. He shared his experiences with franchise fees and added the following comments:

- At Connexus Energy where he is CFO, they collect franchise fees for 17 cities and are working with two more that are considering adding the fees.
- The fees work as advertised – it's a reliable source of funding that is easy to collect and is consistent.
- His company has worked with cities with Xcel and CenterPoint, and both would be good partners in franchise agreements with the City.
- Most cities are collecting franchise fees for the same reason as Long Lake – to provide long term funding for road repair.
- It's 100% certain that any fee charged to the utility will end up on the bill of Long Lake residents and businesses – there is no "utility may add the fee" to the bill.
- Complaint calls will come in and will be split 50/50 - cities get calls because there is a line on the utility bill pointing out a city imposed fee. Utilities get calls because the bill is higher.
- Franchise fees are a hidden, regressive tax. At a rate of \$8.00 per month/utility, that's \$192 per year for citizens in a large house or a lower income small house/apartment.
- Other fundamental City services like Police, Fire, parks and roads are funded via property values and property taxes. As the owner of a home that's valued higher than the Long Lake average, he indicated a willingness to pay proportionally more for streets, including pavement management.
- Raising property taxes is hard. Elected officials like to show that they're holding the line on tax increases; however he encouraged Council to implement the more difficult and intellectually honest approach by considering a fair property tax increase to fund the PMP rather than a franchise fee. He indicated that while doing so may result in a large percentage property tax levy increase, a tax levy increase would collect the same money from the same residents but in a more equitable manner.

Bryan Keeler, Lakeside Wine & Spirits – City Clerk Moeller had received a request by email from Mr. Keeler to read the following comments aloud during Open Correspondence:

*Hello City Council members and others in attendance,
Numerous people from Long Lake and people visiting the City have asked our staff at Lakeside Wine + Spirits and myself questions about boat trailer parking in the City. Many people are asking where*

to park, to park in our lot, sometimes they just park in our lot, drive through our lot, and even people without trailers just park in our lot. They are curious why the City does not open the vacant lot across from the Lakeside building, and why trailer parking is frowned upon in streets near the boat launch with so little trailer parking.

My questions below are based off of what people ask and my own thoughts.

Why doesn't the City want to supply more boat trailer parking during COVID-19 while boat sales and usage have increased? Doesn't the City want more people in town to do business?

Why is the lot across from Lakeside Wine + Spirits not available and parking restricted near the lake access?

We appreciate people visiting Long Lake and our store, but can the City help keep parking and drive throughs in our parking lot down by offering other parking options?

*Thank you for your time.
Bryan Keeler*

Bradley Hansen, Area Resident –Moeller had received a request by email from Mr. Hansen to read the following comments aloud during Open Correspondence:

I was surprised to see new signs were put up for "no trailer parking is allowed" all around the Nelson Lakeside Park for several blocks. The open space where the gas station was is also closed off now. That area was ideal for trailer parking!

The size of the small trailer parking area that was built years ago is inadequate, short in depth and cannot properly handle trailer parking. I'm sure you have seen this over the years and are aware how short the parking area is. Plus dogs are now banned from the beach area. What next?

Who ok'd and posted all this? I didn't see any public notice about this being on any agenda.

Being a local home owner, concerned citizen and boat owner in the area, I'm making an official complaint to the City in regards to these signs and new ordinance at Nelson Lakeside Park.

This is disturbing and I feel selfish from the City to have restricted access to the lake for non-lakeshore owners! Considering some City Council members live on the lake, I'm sure it had a strong bearing from their part to minimize lake activity to a minimum.

The people who would like to enjoy our lake have nowhere to park, so this leads them to take their boat elsewhere, which takes business/cash flow out of our community.

Responding to the two comments received regarding no trailer parking signage in the downtown area, Moeller clarified that no new ordinance had been adopted. The ordinance stating that no trailer parking is allowed on Lake, Symes or Mill Streets had been adopted over 20 years prior, and a sign notifying traffic of the ordinance had been located downtown for 20 years as well, though in a less visible area. Responding to concerns about boat trailer parking in the downtown and enforceability of existing posted signage, the ordinance notification sign was moved to a more visible location at the stop sign before the park and public launch, and Public Works staff had added approximately four no trailer parking signs to the existing signs already posted. Mayor Miner thanked staff for the clarification provided.

Sahand and Sarah Elmtalab, 1090 Old Long Lake Road – Moeller had received a request from the Elmtalabs to read the following comments aloud during Open Correspondence:

We appreciate the discussion and commentary from Jeanette, Scott, Alex, the Mayor, the Council and John. We are following up.

We can disagree with John's statement that this is a private dispute between Green Mavericks and The Elmtalabs. We can disagree with the assertion that the City has no obligation here, or that the bonding was adequate or that the timetable for completion of the developer obligations was clear.

We believe we understand what City responsibilities vs. developer responsibilities are such as the sprinkler system issue; 100% a developer issue. The purpose of all the information from the last meeting was to properly paint the picture of the force we are dealing with, we being the Elmtalabs and other Long Lake citizens. Furthermore, my understanding is it is the City's responsibility to make sure its residents are taken care of appropriately.

Our understanding of the City's responsibilities:

Building permits were issued by the City.

Our understanding was that the City is responsible for ensuring the work in the development be completed so we could move in.

We understand the Certificate of Occupancy issue. We were perplexed that we were given such short notice by the City of this issue. We had spent an immense amount of time, energy, and resources to coordinate a move in. Furthermore, we felt leveraged as an innocent bystander by the City to get the developer to complete the work. We understand our feelings are that, feelings.

Our understanding is the bonding should cover the development plan if the developer defaults. Our understanding is it did not. Our understanding is the bonding amount was not enough to complete the work last October. Our understanding is the bonding amount is not enough to complete the work per the development plan per the time of the last City Council meeting. Our statement was regarding the bonding amount not being adequate, per the development plan, at the times we discussed.

Our understanding is the City is responsible for the well-being of their residents and businesses.

Our understanding is Green Mavericks is in disputes with Long Lake businesses and multiple residents.

Our understanding is the City should help its residents regarding issues such as these.

Our understanding as we've been told is the retaining wall is not to code.

Our understanding is the easements between the property lines and the new home are not to code.

We are still proposing our same three options from the prior meeting.

We are, also, asking for water access. We understand this is not the City's responsibility. We are asking to work together so we can obtain what we thought we were obtaining, which was water/dock access down by the beach.

*Thank you,
The Elmtalabs*

City Attorney Thames indicated he had received a copy of the Open Correspondence comments from the Elmtalabs. Regarding the short notice mentioned in the comments, he believed this referred to the City issuing a Certificate of Occupancy at the request of the homeowner prior to site development items being completed. City Engineer Miller is continuing to monitor the subdivision site and there are a few items still needing follow up, but regular inspections are ongoing. Regarding comments about lake access, there is no lake access from the Elmtalabs' property, and there never was lake access from their property. The Developer's Agreement specifically tied the lake access easement to Lot 4 only. Additionally, it has come to staff's attention that the lake access easement has been vacated, and any representations of lake access made alternative to this would not be between the City and the Elmtalabs. Items such as the lake access issue between the homeowner and the developer are not the City's responsibility to enforce. Regarding the bonding amount, City Attorney Thames had consulted with the previous City Engineer on an estimated cost of the improvements to establish an amount, and the bond is not tested until it is called upon by the City to complete the improvements. That point has not yet been reached, the City has not accessed the bonded funds yet, and has not needed to with City Engineer Miller regularly inspecting the site. He acknowledged that there has been continued progress, though not as swift as anyone would like. He added that one can be sympathetic to the issues voiced by the Elmtalabs, which if true, are not necessarily the City's issues.

BUSINESS ITEMS

Review and Discuss Franchise Fee Documents, Set Public Hearing Date to Consider Authorization of Franchise Fees

City Engineer Miller and Shelly Hansen of WSB reviewed franchise fee documents prepared for posting on the City's website, including an updated PMP which was amended to add a note that the Council may review the PMP annually. Responding to earlier comments received by Mr. Bash during Open Correspondence, they clarified that while franchise fees are not technically considered a tax, they represent a new, dedicated revenue source for the City. The effect is nearly the same as a tax, but it is a transparent funding source that is dedicated for a specific purpose; thereby easier to explain to the public, as everyone who lives in the City uses streets and drives or uses buses.

Ms. Hanson stated that the Council's action at their last meeting on July 7 enabled WSB and staff to begin discussions of franchise fee structures with utilities Centerpoint Energy and Xcel Energy. It is believed with the City Attorney's assistance, an agreement has been reached with Xcel. She reviewed the proposed rate structures for both Xcel and Centerpoint; discussed anticipated revenue to be received based upon the rate proposal; answered Council member questions regarding the involvement of the utilities in negotiating franchise fee rates; and discussed the significant overall tax levy increase that would have to be levied to accomplish the same potential annual revenue amount to be collected through the franchise fee process. Later in the discussion, Weske clarified that the levy increase necessary would actually be higher than estimated by WSB.

City Attorney Thames stated that the City has separate franchise agreements with the utilities that dictate the utility's operation in the City and basically reserve the franchise fee right. The utilities' concern is that they want to keep their customer base happy, do not want customers to be confused or scared about what the franchise fee is, and have an interest in arriving at a "sweet spot" number that is less likely to be a shock to their customers. He confirmed a tentative agreement has been reached with Xcel Energy. Xcel has also requested that the City consider placing a provision in the franchise fee ordinance that would waive right-of-way permit fees for their company. There is no

mandate for the City to do so, and other cities have defeated the company's request for a waiver of permit fees. Thames sought direction from Council on this request from Xcel. He noted that staff had looked up the permit fee revenue number and Xcel is paying somewhere between \$100 and \$200 each year in right-of-way permit fees. Administrator Weske confirmed the right-of-way permit is \$50.00 per permit.

Council and staff discussed placing language in the franchise fee ordinances addressing the frequency of how often Council may consider franchise fee rate adjustments, as well as whether changes should require a 4/5 supermajority vote of Council to implement.

Miller reviewed the Frequently Asked Questions (FAQs) text prepared for posting on the City's website and sought Council feedback. Mayor Miner commented that he had heard from residents who had read the recent franchise fee overview article in the City's newsletter who had questioned how franchise fees compare to the special assessment process, and suggested some language be added to the FAQs providing clarity that franchise fees would not replace the assessment process. Miller indicated that Administrator Weske had mentioned doing so as well, and text could be added to address that question.

Council and staff held discussion on the proposal for holding a virtual open house as well as setting a public hearing date. There was also discussion on the impact lower income individuals could experience through implementation of franchise fees, and how having preliminary tax levy information available to Council by a September 1 public hearing date would be of assistance.

Weske confirmed that the work session meeting in August will be focused on 2021 budget preparation and the preliminary levy, and a review of considerations to be addressed including the PMP, franchise fees, and sewer rates. He noted that what has not been mentioned yet is that when the City takes out another bond for a PMP street project, that would increase bond payments and the debt service levy obligation, further affecting the levy in future. He pointed out that he expected Hennepin County and the state to raise their taxes, and Metropolitan Council would likely focus on breaking even. He noted that low income individuals qualify for energy assistance programs when paying their bills, and stated that when considering fixed income and low income, maybe it would be good to have those defined at a City level. An individual who pays \$1,300 a month to rent an apartment may not necessarily be considered low income.

Council members reflected on the need to be sensitive to those who may experience a negative impact of rate changes, noted residents will have issues with rate increases, and Council member Skjaret noted that the City's current rate and levy concerns were the price being paid for never having a levy increase. He added that the privilege of living in a wonderful community comes also with responsibility. He encouraged Council to consider moderate regular increases.

Council member Kvale referred back to quarterly financial documents received at the last Council meeting and highlighted a particular item she had a question on regarding why the CSAH 112 fund showed \$40,000 budgeted in revenue, but disbursements/expenses were \$165,000. She questioned why this was overbudget and asked for further financial documentation to explain this.

Weske explained that adjustments are made during the audit process to reallocate revenue and balance the accounts. He advised that the \$165,000 in disbursements is for bond payments to the bond agency. The \$40,000 in revenue is the amount directly levied for related to the CSAH 112 fund. The other \$125,000 to balance the \$40,000 revenue versus \$165,000 expense is funded by the water, sewer and surface water funds which pay their share of the bond, and that adjustment is made through the audit process. He invited Council member Kvale to be involved in the next audit.

Council member Kvale requested a copy of the bond agency check written for the \$165,000 amount and sought further documentation on the accounting to balance the CSAH 112 fund.

Weske confirmed he could do so the following day.

Returning to the agenda item at hand, Mayor Miner questioned where the proposed franchise fee rate structure beginning at \$6 per month for households would fall in the spectrum of franchise fees charged by other Hennepin County cities.

Ms. Hanson stated that fees range from \$3.75 up to \$14.00 per single family household. Most communities are dedicating franchise fees to be used for street improvements. Larger cities have more households and are more able to raise funds really quickly with a \$5.00 fee. Other cities may range from \$6.00 to \$10.00.

It was the consensus of Council members that the September 1 public hearing date should be established. There were no objections to this agreement.

Council members discussed the virtual open house proposed for August as well; however, no decision was made. Ms. Hanson advised that the Council would not need to make a decision on the public open house until the next meeting, should the Council wish to wait and give the open house concept more thought.

Mayor Miner asked that the FAQs or web page text document be updated to add some language about special assessments. He also indicated it may be helpful to show a breakdown of what a levy increase would look like for a median valued home in Long Lake versus a franchise fee.

Other conclusions were as follows:

Council was in favor of adding language to the ordinances to state that Council may review franchise fee rates annually, but shall not make changes to rates more than annually.

Council was in favor of a supermajority 4/5 voting requirement being necessary to approve rate changes.

Regarding Xcel Energy's request to waive City right-of-way permit fees, staff pointed out that the minimal \$50 per permit fee offsets the City's cost associated with staff's role in handling complaints and following up on right-of-way work conducted by the utilities. It was agreed to "hold tight" on permit fees if possible.

Ms. Hanson indicated WSB would be returning before the Council on August 4 to hopefully present negotiated franchise fees for each rate class for Council review prior to information being fully publicized.

Receive Park Board Parks and Trails Capital Improvement Priorities

Public Works Director Diercks reported that the Park Board had met the previous Tuesday evening and had worked through prioritizing capital improvements for parks and trails. The July 2020 parks and trails capital improvement priorities list was being submitted to Council for consideration of inclusion in the overall City Capital Improvement Program ahead of the 2021 budgeting process.

Diercks reviewed the list of improvements itemized for Nelson Lakeside Park, Hardin Park, Dexter Park, and Holbrook Park and responded to Council member questions regarding the various items,

including trash cans at all parks, removal or repair of split rail fencing in Nelson Lakeside Park, playground equipment replacement at Dexter Park, the condition of Holbrook Park facilities, etc.

Staff noted that the total estimated amount of improvements in the July 2020 Parks and Trails Capital Improvement List was approximately \$121,600. Staff will be addressing smaller maintenance related items and prioritizing some of the larger capital items listed to bring forward to Council, recognizing there is not adequate funding to address all improvements listed. Diercks confirmed that items were listed in priority order as itemized by the Park Board.

Updates From Fire Chief / Emergency Manager

Fire Chief Van Eyll provided updates and responded to Council questions, discussing the following:

The Fire Department is excited about a new firefighter coming on, and another candidate has been submitted for an out of state background check that will hopefully be complete in August.

The Fire Advisory Subcommittee had a good meeting the past week and had discussed the draft budget for next year. Mayor Miner added that Orono had asked about continuing discussions of a fire service district. Chief Van Eyll will be having further meetings with area Chiefs on the subject.

Van Eyll indicated he had been working with Public Works and City Hall staff and in preparation for the likelihood of a mask mandate being ordered, he has ordered some cloth masks with the City logo on them for staff to use. He confirmed plexiglass shielding is in place for the front desk at City Hall, and staff will be working to create some plexi shielding for election judges.

Council member Dyvik complimented Van Eyll on the clarity of the financial reports he had provided for the Fire Advisory meeting, displayed an example of reporting, and questioned whether it would be possible to employ a similar format for City budgeting for Council review. Weske noted that it would require manual entering of numbers in a spreadsheet but perhaps staff could try to work on developing a different manual format of reporting for each department. He stated staff would work on report formatting.

Updates From Public Works Director

Public Works Director Diercks provided updates and responded to Council questions, discussing the following:

The water tower cleaning crew did not show up as scheduled earlier in the day and Diercks will be following up with them.

The spray patching crew has completed their work and Public Works staff have begun the cleanup process. Diercks noted that Public Works staff are short this week with one member on vacation. He confirmed that he has been pleased so far with the quality of the spray patching, though the funding for the project did not allow for Meadow Lane to be included in the spray patching project scope. Meadow Lane will receive traditional patching this year, and possibly spray patching in the following year.

A contractor will be coming out to repaint parking lines in Nelson Lakeside Park.

A water loss audit will be coming up soon for the City's water distribution system, and Public Works will be working to prepare ahead of the audit.

Regarding the Orchard Circle/Meadow Lane drainage issues, the other end of the culvert has been found. Staff is considering adding another catch basin to the end of the culvert so that when residents do drain tiling they have infrastructure they can tie in to.

Mayor Miner referred back to the no trailer parking signage in the downtown, the existing no watercraft transport ordinance, and questioned whether there may be a need to post an additional sign to cover a gap in signage to the west of the Norman property on Symes Street. Diercks stated that there is one more sign left to install on Mill Street that will state "no parking from here to corner". Council member Kvale mentioned an Open Correspondence comment that had asked about using the City owned former BP property for trailer parking. Diercks stated that whether to do so would be up to the Council; however, he noted the ground was pretty soft in places, and if you drive in a particular corner you would risk sinking up to vehicles axles. Council and staff discussed the matter further, and it was explained that the parking lot at the lake park was designed the size it was for a reason, which was to keep multi-recreational lake use traffic at a reasonable level to maximize the experience for all lake users.

Council member Skjaret expressed appreciation to Public Works for removing and cleaning up a large tree that had fallen down on Wurzer Trail the prior Friday evening.

OTHER BUSINESS

Thank You to Suzanne and Dick Caswell – Council member Skjaret noted that residents Suzanne and Dick Caswell have been tending the flower garden in Hardin Park for several years, and it has really matured beautifully and looks wonderful. He thanked the Caswells for their continued efforts.

Candidate Filing Period – Weske advised that the candidate filing period opens July 28 for the offices of Mayor and two City Council seats. Anybody interested in applying can contact City Clerk Moeller for an appointment.

ADJOURN

Hearing no objection, Mayor Miner adjourned the meeting by general consent at 8:54 pm.

Respectfully submitted,

Jeanette Moeller
City Clerk